



Thomas E. Schiff
Executive Vice President / General Counsel

Via Email and Messenger

August 3, 2012

Los Angeles County Department of Beaches & Harbors
13837 Fiji Way
Marina del Rey, CA 90292
Attn: Mr. Don Geisinger, Senior Real Property Agent

Re: Bay Club – Exercise of Option

Dear Mr. Geisinger:

This letter concerns the Option to Amend Lease Agreement (Parcel 8T) dated December 8, 2009, as renewed by Renewal of Option to Amend Lease Agreement dated October 18, 2011 (collectively, the "Option Agreement"), which has been entered into between NF Marina, LP ("NF Marina") and the County of Los Angeles (the "County") concerning the property in Marina del Rey commonly known as Bay Club and sometimes referred to as Parcel 8T.

NF Marina hereby exercises the Option (as that term is defined in the Option Agreement), conditioned upon:

(A) the approval by the Los Angeles County Board of Supervisors (the "Supervisors") by August 21, 2012 of (i) the Amended and Restated Lease in substantially the form that has been submitted to the Supervisors for approval, (ii) the assignment of NF Marina's leasehold in Parcel 8T to Archstone Marina Bay Nominee LP or an affiliate or affiliates thereof ("Archstone"), and (iii) the assignment of the Option Agreement from NF Marina to Archstone; and

(B) within three (3) business days after the fulfillment of the condition described at clause (A) above, the County's release for issuance of those building permits for Parcel 8T that have "ready to issue" status, subject only to NF Marina's payment of the applicable building permit fees.

NF Marina's exercise of the Option is not conditioned on the consummation of the assignment of NF Marina's Parcel 8T leasehold to Archstone. It is only conditioned on the fulfillment of the conditions described at clauses (A) and (B) above. If the conditions described at clauses (A) and (B) above are fulfilled but the assignment of NF Marina's Parcel 8T leasehold

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to Archstone is not consummated, NF Marina will enter into the Amended and Restated Lease with the County in substantially the form attached to the Option Agreement.

NF Marina confirms that no further "Redevelopment Work" (as defined in the Amended and Restated Lease) will be undertaken at Bay Club before the mutual execution and delivery of the Amended and Restated Lease by Lessee (either Archstone or NF Marina, as applicable) and the County.

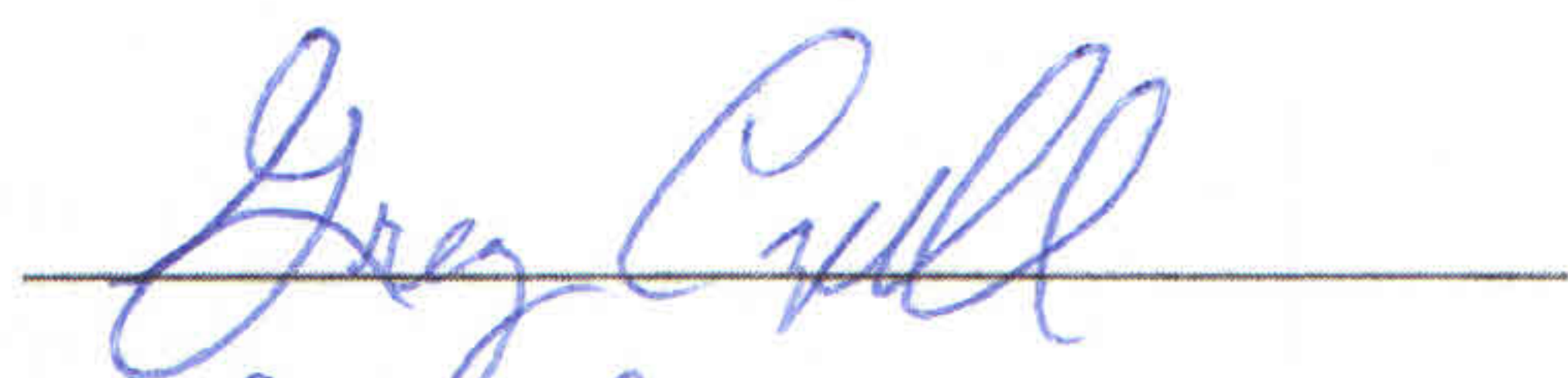
Very Truly Yours,



Thomas E. Schiff,
Executive Vice President and General Counsel of
Decron Properties Corp., agent for
NF Marina, LP

The foregoing is consented to by:

Archstone Marina Bay Nominee LP



Greg Campbell
Group Vice President

cc: Jeffrey Heintz, Esq.
Mr. David J. Nagel